

ORDINANCE NO.47-121

AN ORDINANCE EXEMPTING PROPERTY FROM AD VALOREM TAXATION FOR ECONOMIC DEVELOPMENT PURPOSES PURSUANT TO ARTICLE 11, SECTION 13, OF THE KANSAS CONSTITUTION; PROVIDING THE TERMS AND CONDITIONS FOR AD VALOREM TAX EXEMPTION; AND DESCRIBING THE PROPERTY OF CUSTOM CUPBOARDS, INC. SO EXEMPTED.

WHEREAS, Article 11, Section 13, of the Kansas Constitution provides that the governing body of the City may, by Ordinance, exempt from all ad valorem taxation all or any portion of the appraised value of certain property meeting the requirements of the constitutional provision; and

WHEREAS, the City of Wichita has adopted an Economic Development Incentive Policy by which the City will consider granting tax exemptions upon a clear and factual showing of direct economic benefit including the creation of additional jobs or the upgrading of existing jobs and the stimulation of additional private investment; and

WHEREAS, Custom Cupboards, Inc., requests an ad valorem tax exemption on certain new manufacturing equipment; and

WHEREAS, Custom Cupboards, Inc., has operated within the City for more than twenty-five years as a manufacturer of custom built cabinetry for homes and offices; and

WHEREAS, Custom Cupboards, Inc., proposes a \$570,462 expansion by the purchase of machinery and equipment to be located at 3738 S. Norman in southwest Wichita; and

WHEREAS, the City Council of the City of Wichita has reviewed the application and supporting documentation supplied by Custom Cupboards, Inc., has reviewed the impact statements provided by Staff, and the Cost-Benefit Analysis by the Wichita State University and has conducted a public hearing on such application on September 12, 2006; and

WHEREAS, the City Council of the City of Wichita has found and determined:

1. Custom Cupboards, Inc. is an existing business located in Wichita, Kansas, and intends to expand its business by the purchase of certain personal property.
2. The purchase of personal property for which exemption is given occurred after January 1, 2005. No exemption will be given for construction or purchases, which occurred before that date.
3. Such property purchases are to be used exclusively for manufacturing articles of commerce.

4. By such purchases, Custom Cupboards, Inc. will create new employment for 35 employees within three years after the start of the project.

5. Tax exemption will be given only for the purchase of certain personal property as reflected in Exhibit I attached hereto.

6. The property on which exemption is given will meet the requirements of the Kansas Constitution and the City of Wichita's Economic Development Incentive Policy.

7. Such ad valorem tax exemption is in the public interest providing for economic growth and benefit including the creation of jobs and stimulating additional private investment.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF WICHITA, KANSAS,

1. The City Council of the City of Wichita, Kansas hereby makes a factual determination that an ad valorem tax exemption of the type requested by Custom Cupboards, Inc. is required to retain jobs in the State of Kansas, and that the property to be exempted is to be used exclusively for manufacturing articles of commerce.

2. Custom Cupboards, Inc. is hereby granted an ad valorem tax exemption of 72% for 5 years on the personal property as shown on Exhibit I, started after January 1, 2005, and located within the Wichita City limits at 3738 S. Norman in southwest Wichita, at an estimated cost of \$570,462, as further defined in Exhibit I attached hereto. Such exemption is to begin in the calendar year after the calendar year in which the expansion is completed, and may be terminated early (and Custom Cupboards, Inc. may be required to repay amounts previously abated), in the event of any failure by Custom Cupboards, Inc., to perform its obligations under the Economic Development Incentive Agreement it has executed with the City.

3. The Economic Development Incentive Agreement between the City of Wichita and Custom Cupboards, Inc. Is hereby approved.

4. The City Manager's Office shall be responsible for monitoring the performance of Custom Cupboards, Inc. and shall provide annual reports on such performance.

5. Such exemption is subject to verification that the level of employment at the time of the completion of the project is at least equal to the level of employment as stated in Custom Cupboards, Inc.'s written request for ad valorem tax exemptions as presented to the City Council and to administrative staff and dated June 23, 2006, and as stated in Custom Cupboards, Inc.'s annually approved EEO/AA Plan.

6. Such exemption may hereafter be withdrawn by the City Council upon a finding that Custom Cupboards, Inc. no longer is entitled to such exemption in accordance with the Economic Development Incentive Policy of the City of Wichita and the terms of the Economic Development Incentive Agreement which Custom Cupboards, Inc. has executed with the City.

7. The City Council may, at its discretion, require Custom Cupboards, Inc. to return all funds exempted if there is a failure to meet the terms and conditions of the Economic Development Incentive Agreement which Custom Cupboards, Inc. has executed with the City.

8. Upon finding that Custom Cupboards, Inc. has failed to meet its obligations under the Economic Development Incentive Agreement, the City Council shall require the repayment of all prior amounts of taxes that have been exempted and shall withhold any future exemption of taxes on Custom Cupboards, Inc.'s expansion project. All repayments shall be redistributed to the local taxing authorities at the proper taxing rates.

9. This Ordinance shall be in full force and effect from and after its passage and publication in the official City paper.

Passed by the governing body of the City of Wichita, Kansas this 19th day of September 2006.

Carlos Mayans, Mayor

ATTEST:

Karen Sublett, City Clerk

Approved as to Form:

Gary E. Rebenstorf, City Attorney

**Custom Cupboards, Inc.
Exhibit I**

Equipment Purchases:

Steff 2034 Shaper Feeder	\$ 864
Steff 2044 Shaper Feeder	1,039
Opticut Crosscut Saw	195,100
Drum Storage Cabinet	1,466
Paint Pump	1,650
3 Radios	1,500
SH 2536 Shaper Feeder	2,555
Conveyor – Plywood/Cuto	2,100
2 Paint Storage Cabinet	1,628

Air Tank Compressor	3,800
Kremlin Paint Pump	1,650
3 Portable Radios HT7504W 16CH UHF	1,500
Paint carts	1,899
Paint booth	7,216
JLT door and frame clamp	13,995
Air compressor	2,845
Shaper Feeder	1,800
Door dept sanding system	7,695
Kremlin Paint Pump	3,250
Finger jointed miter system	26,877
Paint Hang line	28,227
Return conveyor for straight line saw	2,241
Kremlin Paint Pump	3,250
Paint-color matching and mixing unit	1,576
Plywood rack	1,435
Ritter face frame clamp	3,250
Senihcam molding stacker	25,000
Strapper, shipping dept	2,660
Paint shop drum lift	582
Onsrud CNC Router & Hopper	162,983
4 Paint stirrers	2,300
Packsized boxer computer cabinet	778
Weinig powerlock profile grinder	53,563
Faceframe sander feeder	1,228
Tape Machine for shipping	<u>960</u>

Total Equipment	\$570,462
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Total Expansion Project	\$570,462
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